

HOUSE BILL No. 1612

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-1-14-15.

Synopsis: Option to terminate payment from property tax. Provides that all leases, bonds, and other obligations that are issued after May 15, 2005, and that include a pledge or guarantee of payment from property taxes are subject to an option to change the source of payment from property taxes to income taxes or another equivalent source of revenue.

Effective: Upon passage.

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January 19, 2005, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

HOUSE BILL No. 1612

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 5-1-14-15 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: **Sec. 15. (a) Notwithstanding any other law,**
4 **including sections 4 and 9 of this chapter, this section applies to all**
5 **leases, bonds, and other evidences of indebtedness issued after May**
6 **15, 2005, by a governmental entity, including any instrumentality**
7 **or service district, that has the authority to impose or receive the**
8 **proceeds of an ad valorem property tax levy. The obligations**
9 **covered by this section include obligations entered into after May**
10 **15, 2005, to refinance obligations created before May 16, 2005.**
11 **(b) A pledge or guarantee to make payments from an ad**
12 **valorem property tax levy is subject to an option to replace the**
13 **pledge or guarantee of payments from an ad valorem property tax**
14 **levy with a pledge or guarantee to make payments from:**
15 **(1) taxes imposed on adjusted gross income; or**
16 **(2) another source of revenue that is sufficient to meet the**
17 **obligations for which ad valorem property tax levies were**



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pledged or guaranteed.

Upon the exercise of the option, the pledge or guarantee to make payments from an ad valorem property tax levy expires.

(c) The option described in subsection (b) is to be treated as exercised whenever any of the following conditions occur:

(1) The general assembly by law:

(A) terminates the authority to impose the ad valorem property tax levy that is pledged or guaranteed; or

(B) limits the authority to impose the ad valorem property tax levy that is pledged or guaranteed, by any means, below a level sufficient to meet the pledge or guarantee.

(2) Any other condition specified in the instrument creating or refinancing the obligation.

(d) On and after the exercise of the option described in subsection (b):

(1) no additional fee related to the exercise or implementation of the option may be imposed on a person obligated to make payments on the obligation; and

(2) the interest or other compensation payable on the obligation may not exceed the amount or rate set in the instrument creating the pledge or guarantee for repayment of the obligation from a source of revenue other than ad valorem property taxes.

(e) The instrument creating or refinancing an obligation must specify the source of revenue from which payments are to be made upon the exercise of an option described in subsection (b).

(f) A pledge or guarantee of payment of a lease, a bond, or other indebtedness from an ad valorem property tax levy is void unless the instrument that makes the pledge or guarantee includes the terms described in this section.

SECTION 2. An emergency is declared for this act.

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